

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

In Re: NETWORK ENGINES INC.
SECURITIES LITIGATION

)
)
) **CA NO. 03-12529-JLT**
)
)

**LEAD PLAINTIFFS' MOTION FOR ENTRY OF
PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT**

Lead Plaintiffs, pursuant to Fed. R. Civ. P. 23(e), move this Court for preliminary approval of the proposed settlement of this action (the "Settlement"); to certify the proposed class for settlement purposes; and to establish a schedule for giving notice to the members of the Class, allowing Class Members an opportunity to object or to exclude themselves from the Class, holding a hearing to consider final approval of the Settlement, and requiring Class Members to submit Proof of Claim forms by a fixed deadline. Lead Plaintiffs submit with this Motion the Stipulation and Agreement of Settlement, dated as of March 29, 2006 (the "Settlement Stipulation"). The Settlement Stipulation provides for a payment of \$2,875,000 by the Defendants for the benefit of the Class.

Exhibit A to the Settlement Stipulation is a proposed Preliminary Order for Notice and Hearing in Connection with Settlement Proceedings (the "Preliminary Order"). The proposed Preliminary Order: (1) grants preliminary approval of the proposed Settlement; (2) certifies the Class for settlement purposes only; (3) directs that the Class be given notice of the proposed Settlement in the form and manner proposed by the parties; and (4) schedules a hearing at which the Court will consider the parties' motion for final approval of the Settlement and entry of their proposed final judgment, and Plaintiffs' Counsel's application for an award of attorneys' fees and reimbursement of costs.

The grounds for this Motion are set forth fully in the Memorandum of Law in Support of Lead Plaintiffs' Motion for Entry of Preliminary Order of Approval of Class Action Settlement.

WHEREFORE, Lead Plaintiffs respectfully move this Court to enter the Preliminary Order for Notice and Hearing in Connection with Settlement Proceedings submitted herewith as Exhibit A to the Settlement Stipulation.

DATED: March 31, 2006

Respectfully submitted,

MOULTON & GANS, P.C.

By: /s/ Nancy Freeman Gans
Nancy Freeman Gans, BBO No. 184540
55 Cleveland Road
Wellesley, MA 02481
Telephone: (781) 235-2246
Facsimile: (781) 239-0353

Liaison Counsel for the Class

Rachel Fleishman
**MILBERG WEISS BERSHAD
& SCHULMAN LLP**
One Pennsylvania Plaza
New York, NY 10119-0165
(212) 594-5300

Lead Counsel for the Class

LOCAL RULE 7.1(A)(2) CERTIFICATE

I, Nancy Freeman Gans, hereby certify that counsel for the Plaintiffs has conferred with counsel for the defendant regarding the within motion and defense counsel neither assents to nor opposes the within motion.

/s/ Nancy Freeman Gans
Nancy Freeman Gans

CERTIFICATE OF SERVICE

I, Nancy Freeman Gans, hereby certify that a true copy of the above document was served upon the attorney of record for each party on March 31, 2006.

/s/ Nancy Freeman Gans
Nancy Freeman Gans